

AMENDED IN ASSEMBLY JUNE 30, 2004

AMENDED IN ASSEMBLY JUNE 9, 2004

AMENDED IN SENATE MAY 25, 2004

AMENDED IN SENATE APRIL 21, 2004

SENATE BILL

No. 1129

Introduced by Senator Johnson

(Coauthor: Assembly Member Hancock)

January 13, 2004

An act to add and repeal Section 17463.5 of the Education Code, relating to school finance, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 1129, as amended, Johnson. Education finance.

Existing law, the Leroy F. Greene School Facilities Act of 1998 (the Greene Act of 1998), requires the State Allocation Board to allocate to applicant school districts, prescribed per-unhoused-pupil state funding for construction and modernization of school facilities, including hardship funding, and supplemental funding for site development and acquisition. Existing law requires a school district to use the funds derived from the sale of surplus property for capital outlay or for costs of maintenance of school district property that the governing board of the school district determines will not recur within a 5-year period. Existing law authorizes a school district having an average daily attendance of less than 10,001 in any fiscal year to deposit any and all interest earned on those funds into the general fund of the district if the district meets certain conditions.

This bill would, notwithstanding any other provision of law, and until January 1, 2007, authorize a school district to sell, lease, or leaseback ~~certain surplus real and personal property, as provided~~ *defined by the bill*, to deposit the proceeds into the general fund of the school district, and to use the proceeds from that transaction for any one-time general fund purpose, except for salaries and benefits. The bill would provide that if the original acquisition or construction of the property was accomplished using the proceeds of a general obligation bond act or revenue derived from developer fees, the amount that may be deposited into the general fund of the school district may not exceed ~~the percentage~~ 25% of the proceeds of the transaction determined by the amount, if any, obtained by subtracting the original acquisition or construction price of the property from the proceeds of the transaction, and dividing that amount by the proceeds of the transaction, as defined.

The bill would *provide that a school district that sells, leases, or leases back surplus property under these provisions is ineligible for hardship funding for a period of 5 years, and would* require the school district to notify the State Allocation Board of its determination that property owned by the school district is surplus property.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: ²/₃. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature finds and declares all of the
2 following:

3 (a) California faces an unprecedented fiscal crisis, and in a time
4 of fiscal crisis, it is necessary for the state and local agencies to
5 examine the priorities that are essential to the core of each agency's
6 function.

7 (b) Public schools maintaining kindergarten and grades 1 to 12,
8 inclusive, must be given the operational and fiscal flexibility to
9 manage their budgets within the context of the current budget
10 crisis.

11 SEC. 2. Section 17463.5 is added to the Education Code, to
12 read:

13 17463.5. (a) Notwithstanding any other law, a school district
14 may sell, lease, or leaseback, ~~surplus real property, together with~~

~~any improvements located thereon, owned by the district for at least 20 years,~~ *surplus property* to any nonprofit, for profit, or governmental entity, may deposit the proceeds thereof into the general fund of the school district, and may use the proceeds from the sale, lease, or leaseback for any one-time general fund purpose, except for salaries and benefits. If the original acquisition or construction of the property was accomplished using the proceeds of a general obligation bond act or revenue derived from developer fees, the amount of the proceeds of the transaction that may be deposited into the general fund of the school district may not exceed ~~the percentage~~ *25 percent* of the proceeds of the transaction determined by the amount, if any, obtained by subtracting the original acquisition or construction price of the property from the net proceeds of the transaction, and dividing that result by the net proceeds of the transaction. For the purposes of this section, proceeds of the transaction means either of the following, as appropriate:

(1) The amount realized from the sale of property after reasonable expenses related to the sale.

(2) For any transaction, such as a lease of property, that does not result in a lump-sum payment of the proceeds of the transaction, the proceeds of the transaction shall be calculated as the net present value of the future cashflow generated by the transaction.

(b) A school district that purchased real property, together with any personal property located thereon, entirely with local funds may use the authority granted under subdivision (a) regardless of the length of time the district has owned the property.

(c) A school district shall notify the State Allocation Board of its determination that property owned by the school district is surplus property. Within 90 days of the receipt of that notice, the State Allocation Board shall review and may disapprove of that determination.

(d) *A school district that sells, leases, or leases back surplus real property pursuant to the requirements of subdivision (a) and uses the proceeds of that transaction in accordance with subdivision (a) is ineligible for hardship assistance pursuant to Article 8 (commencing with Section 17075.10) of Chapter 12.5 of Part 10 for a period of five years from the date of the transaction.*

(e) *For purposes of this section, “surplus property” means real property, together with any improvements located thereon, that*

1 *has been owned by the school district for at least 20 years and that*
2 *the governing board of a school district determines, at a public*
3 *meeting, that the school district will not need the use of for a*
4 *schoolsite or other school facility for a minimum of 10 years.*

5 (f) This section is repealed on January 1, 2007, unless a later
6 enacted statute that becomes operative on or before January 1,
7 2007, deletes or extends the date on which it is repealed. *A statute*
8 *that extends the date on which this section is repealed shall be*
9 *enacted by a two-thirds vote of the membership of each house of*
10 *the Legislature.*

11 SEC. 4. This act is an urgency statute necessary for the
12 immediate preservation of the public peace, health, or safety
13 within the meaning of Article IV of the Constitution and shall go
14 into immediate effect. The facts constituting the necessity are:

15 School districts' need for fiscal flexibility and the current fiscal
16 crisis facing this state require that this act take effect immediately.

